



MADISON COUNTY BOARD OF EQUALIZATION

MADISON VIRGINIA 22727

The Madison County Board of Equalization met Monday, February 25, 2019, in the County Administration Auditorium in the Town of Madison, Virginia. The committee members present were Phil Brockman, Bill Gentry, Kimberly Pumphrey, and John Quinley. Member Doug Fears arrived later. Jack Hobbs, County Administrator and Brian Daniel, Commissioner of the Revenue were also present, along with Board Clerk Suzanne Long. Long announced the purpose for the meeting and the meeting was called to order at 2:00 p.m.

The Clerk noted the following agenda:

1. Reassessment and Equalization training, led by Don Thomas, Wingate Appraisal Service, and
2. Board of Equalization organization and election of Board Chairperson and Secretary.

1. Reassessment of Madison County training. Clerk Long introduced Don Thomas, with Wingate Appraisal Service, the company that performed the 2019 reassessment for Madison County. Thomas thanked everyone for the invite and said he wanted the session to be very informal. The company put market value estimates on Madison properties and to try to equalize the burdens among the properties in the County. Thomas said his purpose today is to provide an orientation to what Wingate Appraisal Service did in preparation for the project and a high-level perspective of where they are now and perhaps some tips in performing the assessment hearings and carrying out the clerical functions.

The first we did when we started in Madison was to do a market analysis of the real estate market. The real estate market is inherently inefficient. There is no known quantity or exchange mechanism; there are no two pieces of real estate that are exactly alike. Sometimes when we people come to us, it is difficult to determine a fair assessment, based on location or subjective qualities of the location. During their appeals, they went to several properties to re-look at the property.

This is a diverse county, with very few properties that are similar. That makes this job a little more difficult. It becomes subjective when we ask: what makes sense to buyers and sellers in this market? We look at how the existing assessments in Madison County had performed over the years to see how they compared to market value. In 2008, the assessments moved high in relation to market value. In 2013, we had a correction assessment that moved assessments closer to value. What we saw in 2017 the assessments ran pretty close to market value. But when we first looked at things here in Madison, we used a computer system to "calibrate" a model appropriate for Madison County. Computer-Assisted Mass Appraisal Model, called CAMARA, by Stonewall Technologies. This is a very stable system. We do this before we go out and look at properties in the field. It directs us to look at sales, and compare them to what we have in Madison. There are many attributes that we consider and how they may contribute to other houses. Things like number of bathrooms, basement, fireplace, and so forth. So we look at properties that were sold and what attributes they have and how that completes a model. So we apply that model to the Madison properties and see how they might calibrate. We start out with a proposed value before we even look at the property. And then we make judgements about things like property grade, depreciation, and other subjective things. Sometimes we change things, like if the house has been

remodeled; we change depreciation and other things as needed. We also evaluate sales of vacant land to use as benchmarks for land value. That works together with the dwelling value.

What do we look at when we go to the field? Thomas listed accuracy of the existing data, from sketch to attributes of the building, if there are any outbuildings and the accuracy of the buildings, and so forth. We're trying to verify that the property record is correct and up to date. This is a mass appraisal, not to be confused with a fee appraisal. If your data is not correct, you will not have very good results. We have worked hard to make sure this is accurate, but we make mistakes too.

We assigned value to houses, commercial properties, and sent out the notices to the landowners with different kinds of reactions. Everything in this line of work is not perfect. I'm sure there will be some gaps in our work too. This is why there are hearings. We had about 6 days of hearings with homeowners who were unhappy with the assessment, with 25-30 hearings a day. This was not a high number of hearings, in our experience. For many properties with bulk acreage, we assessed those as less because we found the existing assessment was higher than the market would support. This led to a lot of folks seeing a decrease in acreage tracts. So that contributed to the lower number of hearings we experienced.

What can you expect when someone comes in? Using the record card, look at where the information is located. The administrative block contains map number and owner name and sale price. The picture shows the dwelling and there is a history of pictures available online.

There is a block that describes the attributes of the land, another one for the main dwelling, and another one for outbuildings, and then the sketch. The pricing line includes the value summary. It works best if the Board can describe exactly where the adjustments need to be made. The Board should look to be very specific about where any adjustments are going to be made so that administratively it can be adjusted more efficiently.

Member Doug Fears arrived to the meeting at this time.

It may be fully correct to have different price per acre, based on the qualities of the land. A well-drained site shouldn't have the same value as poorly-drained site, so there is variance in those sites.

Member Brockman asked if most of the appeals will come from dwelling or land complaints. Thomas said he thinks we'll probably see more appeals that just deal with the total number. People are mostly just concerned with the total number. Some people say, "It couldn't go up that much—just no way." That is a very serious thing for that property owner. But our job is to reflect what is going on in the market. It is difficult when a homeowner doesn't do a good job presenting their case. They are important and desire a hearing; there could be a problem there. Or the other hand, we must stay away from "accommodation adjustment", just to make a loud complainer go away. When we make an unjust assessment, that means everyone else in Madison County's assessment needs a relook. So we must listen and think carefully.

Member Gentry asked when adjustments are made for functional obsolescence, how do you determine the baseline for Madison County? Thomas said that construction costs are fairly similar, so they look at replacement costs (not reproduction costs). What does it cost (by square foot) to replace with equal function and utility? They can then do a depreciation, based on three different forms: physical, (functional inside/outside the house), economic or locational. They try to extract those from market activity. It can be very difficult to extract obsolescence. Most of the Wingate Appraisal Service assessors have seen comparable situations previously, so they have a good eye for determining value. They have a hybrid mass appraisal: a market-tempered, cost approach (which works best with new buildings).

We do see some houses that have what we call "super adequate square footage"—the market doesn't value that extra square footage (usually 5,000 square feet). Because the market doesn't value that, we will reduce the assessment.

That is pretty much what I wanted to cover, how to hear cases and how to make changes on the record card in a way that can be handled efficiently. Member Gentry asked if when we see the appellants they are already angry because they have been turned down by the Assessor hearings. Thomas said the hearings are not interdependent and that homeowners could skip the assessment hearings and come directly to the BOE or skip that and go directly to Circuit Court. Hopefully we listened to a good ear and that data is correct by the time the BOE hears them.

Member Gentry asked about the timing between when an appellant asks for a hearing and notification to the BOE about the specifics of the case. Thomas said the hearing application will outline the complaint. Gentry said it would be important to have the background information ahead of time and determine if we need to go look at a site. Thomas said some Boards decide there is so much going on they must look at the property. For other cases, someone just may say "I looked at my record online, and it says I have a finished basement, and I do not", and those kinds of cases can be corrected without a site visit. Other times you have to put your thinking cap on to figure out what is going on.

Member Gentry asked if there was a scoring for different types of finished basements, since they are not all equal. Thomas said we have an Appraisal Manual that has all our values in it. It gives values for square footage, based on house size and number of floors, etc. That will already be calculated on the record card, provided the data is correct.

The things you have to deal with in your hearings that are subjective that you have the latitude to change are:

- the dwelling grade (a score, with a specific multiplier; e.g., C=average quality house; basic house that meets building code, with a multiplier of 1.0—so it doesn't change anything in the calculations). The Wingate team probably grades within 5% of one another. A lesser quality home may have a D grade (-10 multiplier),
- the depreciation,
- the land value (according to quality), and
- the value of the outbuildings.

Member Quinley said he is concerned about the subjectivity, it is not up to us to prove the assessment, but that it is the property owner's responsibility to provide the "preponderance of evidence" to change the assessment. Thomas said that is the challenge in this marketplace with diverse properties. Member Quinley asked, how do we decide that? Thomas said it isn't always something that you can measure. Part of it is units of comparison. It is very hard to quantify, but within reason you can follow the guidelines in the Appraisal Manual for some assistance. The Assessors made their judgements based on their experience and their knowledge, so that will serve as the guidelines for the Board. In between assessments, the Commissioner of the Revenue will need to use the manual to update properties and any changes. Commissioner of the Revenue Daniel said copies will be provided to each member of the Board of Equalization.

Member Quinley asked if the Board will be able to have some time between seeing the appeal application, hearing the case, and making a decision at the same time. Thomas said the best way this works is to let the property owner present everything they need to present, and ask questions and take notes, and then say "we will consider this." I would be reluctant to make a decision at the table with the property owner with you. At the end of this, a letter will go out from the BOE to the property owner, stating the decision. Member Quinley asked if that is the end of the process. Thomas said we will give them an opportunity to appeal again if there is additional information they want to share. Member Brockman asked if the Board meeting to confer on a case if that is public and it is. Thomas said we coach our people to not be confrontational, but make sure you can explain your position. Member Quinley wants to be fair. Member Gentry wanted to know if the Board would have all the information before they have to decide.

Commissioner Daniel asked if there was information on the Record Card from the Assessors that the Board had questions about, if they contact Don or Wingate. Thomas said they are available to explain the cards or be called as witness or follow-up, at the Board's request, not to influence the decision.

Thomas talked about the commercial property and their willingness to assist with those hearings. Income approach based on value in exchange, not value in use.

Commissioner Daniel asked if there is a factual error, if that can go directly to Daniel's office. Thomas said the state calls those "obvious errors", and they can go directly to the Commissioner's office without hearing by the Board.

Administrator Hobbs asked if there are typical appeals they will hear. Thomas said the past assessments said Madison factored old values across the board, so this leads to many errors. This year, they have made a strong effort to get the data right and look at every property carefully. This is a correction cycle. Member Gentry said we (the Board) are tasked not with micro-managing the mass approach, but we're looking at specific, glaring issues, then we can entertain making an adjustment up-or-down. Thomas said there can be errors in quality assessment based on such things as non-conventional drainage system, or lots that can't perk. Thomas said another scenario they see sometime is a parcel without any obvious right-of-way. If there is no evidence of road, they may-or-may-not put a home site on it. Most judges won't allow a property without a right-of-way, so they may not qualify for a home site. Member Brockman asked when those letters from Wingate go out. Thomas said he hoped that would be this week.

Thank you all for bearing with me. I think it is important for you to get to know me; please call me if you need to.

2. Select a chairman and secretary. Clerk Long listed roles and responsibilities for the two positions. Member Gentry nominated member Brockman to be chair. The nomination was seconded by Member Quinley. Brockman agreed to serve as chair. Member Quinley nominated Member Kim Pumphrey as Secretary, seconded by Brockman. Member Pumphrey agreed to serve as Secretary.

Chairman Brockman said he and Clerk Long will to meet to discuss meeting process and next steps. Long agreed to send meeting notices out to the Board as dates are selected.

With no further business to address, the meeting was adjourned by Chairman Brockman.

Chairman Phil Brockman

A recording of this meeting is available upon request from the Commissioner of the Revenue.